

## Public Law 878

## CHAPTER 829

## AN ACT

To improve and simplify the credit facilities available to farmers, to amend the Bankhead-Jones Farm Tenant Act, and for other purposes.

August 1, 1956  
[H. R. 11544]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Bankhead-Jones Farm Tenant Act, as amended, is further amended as follows:

(a) The following sections of title I of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

Section 1 (a) is amended by striking from the second sentence thereof the words "to assist borrowers under this title in making the" and inserting in lieu thereof the words "or insured for" and by striking the word "their" preceding the words "farming operations".

(b) Section 1 (b) is amended by inserting after the word "only" in the first sentence the words "farm owners", by striking the words "(including owners of inadequate or underimproved farm units)", and by inserting in lieu of the words "the major portion" the words "a substantial portion".

(c) Section 1 (c) is amended to read as follows: "No loan shall be made, or mortgage insured, unless the farm is a family-type unit of such size as the Secretary determines to be sufficient to enable the family to carry on successful farming of a type which the Secretary deems can be carried on successfully in the locality in which the farm is situated: *Provided, however, That—*

"(1) loans may be made to veterans or mortgages insured for veterans, as defined in section 1 (b) (2) hereof, who have pensionable disabilities, with respect to farm units of sufficient size to meet the farming capabilities of such veterans and afford them income which, together with their pensions, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(2) loans may be made or mortgages insured to owner-operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, to repair or improve such farm units, and to refinance indebtedness of the owner incurred for agricultural purposes, if such farms are of sufficient size to produce income which, together with income from other sources, will enable them to meet living and operating expenses and the amounts to become due on their loans; and

"(3) loans in amounts not exceeding \$15,000 per farm for the construction, improvement, repair, or replacement of farm dwellings and other farm buildings on farms the operation of which require no more than three farm families or three farm dwellings may be insured under this Act."

(d) The second sentence of section 2 (b) is amended by striking the period at the end thereof and inserting a comma and the following: "except that, for loans under either part of the proviso in section 1 (c) of this title, the certification shall be based on the normal market value of the farm."

(e) Section 3 (a) is amended to read as follows:

"SEC. 3. (a) Loans made under this title shall not be in excess of the amount certified by the county committee to be the value of the farm less any prior lien indebtedness, and shall be secured by a first or second mortgage or deed of trust on the farm. Loans may not be made for the acquisition or enlargement of farms which have a value, as acquired or enlarged, in excess of the average value of efficient

Bankhead-Jones  
Farm Tenant Act,  
amendment.

Power of Secretary.  
60 Stat. 1072.  
7 USC 1001.

Certification.  
60 Stat. 1074.  
7 USC 1002.

Amounts.  
60 Stat. 1074.  
7 USC 1003.

family-type farm-management units, as determined by the Secretary, in the county, parish, or locality where the farm is located."

60 Stat. 1076.  
7 USC 1005b(b).

(f) Section 12 (b) is amended by striking the figure "\$100,000,000" and inserting in lieu thereof the figure "\$125,000,000".

60 Stat. 1076.  
7 USC 1005b(e).

(g) Section 12 (e) is amended by striking from the last sentence of item (2) the words "to carry out the provisions of this title, relating to mortgage insurance" and by inserting in lieu thereof the words "of the Farmers Home Administration and may be transferred annually to that administrative expense account and become merged therewith".

69 Stat. 553.  
7 USC 1006c.

(h) Section 16 (a) is amended by inserting in the first sentence thereof before the word "mortgages" the words "or second" and by adding the following sentence at the end of said subsection: "Loans insured under this section shall not be in excess of 90 per centum of the amount certified by the county committee to be the value of the farm, less any prior lien indebtedness."

(i) The following new section 17 is added:

"SEC. 17. Until June 30, 1959, the purposes for which loans may be made or insured under this title shall include the advance of funds for refinancing secured or unsecured indebtedness of eligible farmers on farms of not more than family size who are presently unable to meet the terms and conditions of their outstanding indebtedness and are unable to refinance such debts with commercial banks, cooperative lending agencies, or other responsible credit sources at rates and terms which they could reasonably be expected to fulfill. No such loans shall be made to an applicant whose total indebtedness is in excess of the amount certified by the county committee to be the value of the real estate and the reasonable value of the applicant's livestock and farm equipment, unless the aggregate of the outstanding indebtedness shall be adjusted so as to be within such values. The total amount of loans insured in any one fiscal year under this section shall not exceed \$50,000,000."

60 Stat. 1072.  
7 USC 1007.

SEC. 6. Title II of the Bankhead-Jones Farm Tenant Act, as amended, is further amended by striking the words "Production and Subsistence Loans" in the title and inserting in lieu thereof the words "Operating Loans", and by the amendment of section 21 to read as follows:

Borrowers and  
terms.

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are operators of family-type farms and who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence: *Provided, however,* That loans may be made to operators who are bona fide farmers who have historically resided on farms and depended on farm income for their livelihood, and who are conducting substantial farming operations on units which are less than family-type units, if the units are of sufficient size to produce income which, together with income from other sources, including pensions in the case of disabled veterans, will enable them to meet living and operating expenses and the amounts due on their loans.

Restrictions.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No loan may be made to any one borrower under this section which would cause the total principal amount outstanding to exceed \$10,000: *Provided, however,* That an amount not to exceed 10 per centum of the sum made available by annual appropriation for loans under this title may be used for making loans to borrowers,

which would cause such indebtedness to exceed \$10,000 but in no event may any loan be made which would cause such indebtedness to exceed \$20,000.

“(c) The terms of loans under this section, including any renewal or extension of any such loan except as provided in subsection (d) hereof, shall not exceed seven years from the date the original loan was made.

“(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder: *Provided, however*, That in justifiable cases where the Secretary finds that the inability of a borrower to repay his indebtedness under this section within seven years is due to causes beyond the control of the borrower, the Secretary may extend or renew such loans to be repayable in not to exceed ten years from the date the original loan was made, and during such extended term may make additional loans to such persons, if necessary.”

SEC. 3. Except insofar as they affect title III of the Bankhead-Jones Farm Tenant Act, as amended, the following sections of title IV of the Bankhead-Jones Farm Tenant Act, as amended, are further amended as follows:

(a) Section 41 (g) is amended to read as follows:

“(g) Compromise, adjust, or reduce claims and adjust and modify the terms of mortgages, leases, contracts, and agreements entered into or administered by the Farmers' Home Administration under any of its programs, as circumstances may require: *Provided, however*, That—

“(1) compromise, adjustment, or reduction of claims of \$15,000 or more must be effected by reference to the Secretary of the Treasury or to the Attorney General pursuant to the provisions of section 3469 of the Revised Statutes (31 U. S. C. 194);

“(2) compromise, adjustment, or reduction of claims shall be based on a reasonable determination by the Secretary of the debtor's ability to pay and the value of the security and with or without the payment of any consideration at the time of such adjustment or reduction;

“(3) releases from personal liability may also be made with or without the payment of any consideration at the time of adjustment of claims against—

“(A) borrowers who have transferred the security property to other approved applicants under agreements assuming the outstanding secured indebtedness; and

“(B) borrowers who have transferred their farms to other approved applicants under agreements assuming that portion of their outstanding indebtedness against the farm which is equal to the value of the farm at the time of the transfer, and borrowers whose farms have been acquired by the Secretary, in cases where the county committees certify and the Secretary determines that the borrowers have cooperated in good faith with the Secretary, have farmed in a workmanlike manner, used due diligence to maintain the security against loss, and otherwise fulfilled the covenants incident to their loans, to the best of their abilities;

“(4) no compromise, adjustment, or reduction of claims shall be made upon terms more favorable than recommended by the appropriate county committee established pursuant to section 42 of this Act; and

“(5) any claim which has been due and payable for five years or more, and where the debtor has no assets from which the claim could be collected and has no apparent future debt payment ability, or is deceased and has left no estate, or has been absent from

Adjustment of  
claims.  
60 Stat. 1064.  
7 USC 1015.



his last-known address for a period of at least five years, has no known assets, and his whereabouts cannot be ascertained without undue expense, may be charged off or released by the Secretary upon a report and favorable recommendation of the employee of the Administration having charge of the claim: *Provided, however,* That claims involving a principal balance of \$150 or less may be charged off or released whenever it appears to the Secretary that further collection efforts would be ineffectual or likely to prove uneconomical."

Term of office.  
60 Stat. 1066.

60 Stat. 1068.  
7 USC 1017(d).

Bid at foreclosure.  
60 Stat. 1070.  
7 USC 1025.

(b) The first sentence of section 42 (a) is amended by inserting after the word "county" in each of three places the words "or area".

(c) Section 43 (d) is amended by striking the words "as family-size farms".

(d) Section 51 is amended to read as follows:

"SEC. 51. The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to, insured by or acquired by the Secretary under any programs administered by the Farmers' Home Administration; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; to sell or grant rights-of-way or easements over such property; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this Act. Any advances or expenditures under this section with respect to any insured loan or insured mortgage shall be paid out of the mortgage insurance fund."

12 USC 1148a-1  
note.

SEC. 4. Section 1 of the Act of August 31, 1954, as amended (68 Stat. 999; 69 Stat. 223), is further amended by striking the figures "1957" and inserting in lieu thereof the figures "1959" and by striking the figures "\$15,000,000" and inserting in lieu thereof "\$65,000,000".

Approved August 1, 1956.

## Public Law 879

## CHAPTER 830

### AN ACT

August 1, 1956  
[H. R. 5738]

To authorize flight instruction during Reserve Officers' Training Corps programs, and for other purposes.

ROTC.  
Flight instruction.  
41 Stat. 777.

41 Stat. 777; 68  
Stat. 896.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act of June 3, 1916 (39 Stat. 166), as amended, is further amended as follows:

(1) Section 40a, as amended (10 U. S. C. 385), is further amended by adding the following sentence at the end thereof: "The courses of theoretical and practical military training prescribed under this section may include flight instruction."

(2) Section 47, as amended (10 U. S. C. 389), is further amended by adding the following sentence at the end thereof: "The Secretary of the Army and the Secretary of the Air Force may, for a period of four years after the effective date of this amendatory Act, provide, or contract with civilian flying or aviation schools or educational institutions to provide, such personnel, aircraft, supplies, facilities, and instruction as are necessary for flight instruction of members of the Reserve Officers' Training Corps in Army and Air Force units, respectively."